

Message Text

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ACTION XMB-04

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 3806

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E.O. 11652: N/A

TAGS: BEXP, EFIN, TS

SUBJECT: EXIM FINANCING OF SNCFT LOCOMOTIVES

REF: STATE 191501

1. EMBASSY HAS BEEN APPROACHED BY SOUSSI, FINANCIAL DIRECTOR SNCFT, AND BY US DESK OFFICER MIN PLAN CONCERNING REVISED EXIM OFFER TO SNCFT FOR LOCOMOTIVES. DESPITE EMBASSY OFFICER EMPHASIS ON (1) NEW CONDITIONS OF PROPOSED BUY, E.G. 9 SHUNTING VICE 29 LARGE AND SHUNTING LOCOMOTIVES THUS REDUCTION IN US PURCHASE FROM \$17 MILLION TO \$3 MILLION; (2) EXPIRATION OF P/C FOR WHOLE PACKAGE ON APRIL 15, 1976 AS CLEARLY EXPLAINED BY MORAN DURING VISIT IN MARCH; AND (3) NEW EXIM BANK LENDING GUIDELINES, BOTH CALLERS EXPRESSED DISMAY AT THE EXIM OFFER AND CALLED INTO QUESTION ABILITY ANY TUNISIAN AGENCY, PUBLIC OR PRIVATE, TO RELY ON FINANCING PROPOSED BY EXIM. THEY STATED THAT NO VOLUME CONDITIONS WERE PLACED ON ORIGINAL OFFER, AND THAT TWO CALLS FOR BIDS WERE ISSUED, ONE FOR MAIN LINE LOCOMOTIVES, OTHERS FOR SHUNTING, THEREBY EXPLAINING THAT TWO SEPARATE BUYS WERE CONTEMPLATED FROM BEGINNING.

2. MIN PLAN OFFICIAL WAS OBVIOUSLY MAKING A REHEARSED
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UPON-ORDERS DEMARCHE. HE STRESSED THAT PLAN, AS

RESULT JANUARY LETTER TO DEBRUL AND REPLY, HAD ENCOURAGED SNCFT TO RELY ON EXIM FINANCING--AND NOW PLAN HAS "EGG ON FACE" AS RESULT OF NEW EXIM TERMS, WHICH HE NOTED WERE NOW NOT AS FAVORABLE AS TERMS OF OTHER OFFERS, INCLUDING SOME STRAIGHT COMMERCIAL DEALS. SITUATION COMPOUNDED BY FACT THAT SNCFT ALREADY SIGNED CONTRACT WITH GE EXPECTING ORIGINAL EXIM TERMS AND NOW IS FACED WITH FINDING NEW SOURCE OF FINANCING UNLESS EXIM CAN HOLD TO THOSE TERMS. PLAN OFFICIAL STATED GOT HAD BEEN COUNTING ON SUBSTANTIAL EXIM SUPPORT DURING UPCOMING FIFTH PLAN, BUT WOULD NOW NOT BE ABLE TO RECOMMEND EXIM UNLESS SOME AGREEMENT COULD BE REACHED ON "RELIABILITY" OF OFFERS.

3. SOUSSI AND PLAN OFFICIAL REQUESTED EMBASSY INTER- VENE TO HAVE ORIGINAL EXIM TERMS RESTORED. EMBASSY OFFICIAL REITERATED BASIS FOR NEW TERMS AND STATED THEY CONSISTENT WITH EXIM OVERALL POLICY. HE SUGGESTED GOT TAKE ITS CASE DIRECTLY TO EXIM THROUGH TUNISIAN EMBASSY, BUT AGREED TO TRANSMIT SUBSTANCE OF GOT DEMARCHE TO DEPT AND EXIM.

4. COMMENT: EXIM POSITION THIS CASE FULLY UNDER- STANDABLE, EVEN PERHAPS BY SNCFT AND GOT WHO MAY REALIZE THEY PROCRASTINATED TOO LONG. NEVERTHELESS, STRONG SUPPORT FOR TUNISIA VOICED BY FORMER CHAIR- MAN CASEY TO SENIOR MINISTERS OF OT AND EQUALLY STRONG PITCH ON EXIM FINANCING DURING '75 JOINT COMMISSION MAY NOW APPEAR TO BE EMPTY WORDS, ES- PECIALLY SINCE SNCFT CASE IS FIRST RESULT OF MIN PLAN INITIATIVE WITH EXIM. WE HAVE WARNED GOT THAT IT PROBABLY IMPOSSIBLE REVERT BACK TO TERMS OF ORIGINAL EXIM OFFER FOR GE SHUNTING LOCOMOTIVES ONLY, BUT WOULD APPRECIATE EARLIEST RESPONSE IF EXCEPTION COULD BE MADE.
MULCAHY

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